GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2101
ANSWERED ON:12.12.2008
FISCAL DEFICIT
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Will the Minister of FINANCE be pleased to state:

(a)whether the pace of increase in fiscal deficit during the first half of 2008-09 has been much higher;

(b)if so, the details thereof and reasons therefor;

(c)its impact on our economy; and

(d)the corrective steps taken by the Government to bring down the fiscal deficit?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)to(d)The month-wise cumulative fiscal deficit as per cent of Gross Domestic Product (GDP) for the first six months of the current financial year 2008-09 together with data for the corresponding periods of the previous year are given below:

Month-wise Cumulative Fiscal Deficit

(As per cent of GDP)

Months	2008 - 09	2007 - 08
April	0.62	0.59
May	1.38	1.32
June	1.62	2.38
July	2.19	2.75
August	2.20	2.19
September	1.94	1.72

The Union Budget 2008-09 has envisaged the fiscal deficit at 2.5 per cent of GDP which is within the target of 3.0 per cent of GDP, set under Fiscal Responsibility and Budget Management (FRBM) Act, 2003 and which has a headroom of 0.5 per cent of GDP. The higher direct and indirect tax collections and improved non-tax revenues are expected to keep the fiscal deficit within the prescribed limits.